

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1837 – SB 1823

March 13, 2018

SUMMARY OF ORIGINAL BILL: Extends, from June 30, 2018, to June 30, 2019, the *Ground Ambulance Service Provider Assessment Act*.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$10,304,700/FY18-19/
Ambulance Service Assessment Revenue Fund

Increase State Expenditures - \$10,304,700/FY18-19/
Ambulance Service Assessment Revenue Fund

Increase Federal Expenditures - \$19,877,200/FY18-19/
Ambulance Service Assessment Revenue Fund

Revenue recognition in the amount of \$10,304,700 is included in the Governor's proposed FY18-19 budget (page A-36). Corresponding non-recurring appropriations in the amount of \$30,147,100 (\$10,304,700 in state funds and \$19,842,400 in federal matching funds) are also included.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue - \$30,181,900

Increase Business Expenditures - \$10,304,700

Jobs Impact – Not Significant

SUMMARY OF AMENDMENT (014261): Deletes all language after the enacting clause. Creates the *Ground Ambulance Service Provider Assessment Act*. Requires an ambulance provider to pay a quarterly assessment to the Division of TennCare (the Division). Requires the Division to determine the standards and procedures to implement and enforce this Act; collect the assessment; transfer assessment proceeds to the State Treasurer (Treasurer) for deposit into the ambulance service assessment revenue fund (ASARF). Prohibits an ambulance provider from increasing charges or adding surcharges to ground transports based on, or as a result of, the assessment. Requires the Division to calculate a uniform assessment per ground transport for each ambulance.

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Authorizes the Division, upon approval by the Centers for Medicare and Medicaid Services (CMS) of the assessment, to reimburse each ambulance provider with qualifying ground ambulance service Medicaid transports in an amount calculated by the Division.

Creates the ASARF in the General Fund where revenue from assessments collected by the Division, penalties collected by the Division, donations to the fund from private sources, and investment earnings credited to the fund are to be deposited. Any fund balance remaining unexpended will carry forward into subsequent fiscal years and will not be diverted to the General Fund or any other public fund.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$10,835,000/FY18-19/

Ambulance Service Assessment Revenue Fund

Increase State Expenditures - \$10,835,000/FY18-19/

Ambulance Service Assessment Revenue Fund

Increase Federal Expenditures - \$20,756,100/FY18-19/

Ambulance Service Assessment Revenue Fund

Revenue recognition in the amount of \$10,304,700 is included in the Governor's proposed FY18-19 budget (page A-36). Corresponding non-recurring appropriations in the amount of \$30,147,100 (\$10,304,700 in state funds and \$19,842,400 in federal matching funds) are also included.

Assumptions for the bill as amended:

- Based on information provided by the Division, the coverage assessment on ambulance services will result in revenue to the ASARF of \$10,834,998.
- Medicaid expenditures that are considered administrative in nature will receive federal matching funds at a rate estimated to be 50 percent state funds to 50 percent federal funds. Medicaid expenditures for the other expenses will receive matching funds at a rate of 65.858 percent federal funds to 34.142 percent state funds.
- Based on information provided by the Division, \$155,000 will be expended at a state rate of 50 percent and will receive federal matching funds at a rate of 50 percent. The resulting increase in federal funds will be \$155,000 $[(\$155,000 / 50.0\%) \times 50.0\%]$.
- Based on information provided by the Division, \$10,679,998 (\$10,834,998 - \$155,000) will be expended at a state rate of approximately 34.142 percent and will receive federal matching funds at a rate estimated to be 65.858 percent. The resulting increase in federal funds will be approximately \$20,601,116 $[(\$10,679,998 / 34.142\%) \times 65.858\%]$.
- The total increase to the ASARF is estimated to be \$31,591,114 $(\$155,000 + \$155,000 + \$10,679,998 + \$20,601,116)$.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Increase Business Revenue - \$31,591,100/FY18-19

Increase Business Expenditures - \$10,835,000/FY18-19

Jobs Impact – Not Significant

Assumptions for the bill as amended:

- Ambulance providers will incur an increase in federal revenue in FY18-19 to cover costs of ground ambulance transports.
- Ambulance service providers will incur an increase in expenditures in FY18-19 for funding the state portion of the Act.
- The proposed legislation will not increase the number of ambulance service providers. It changes the way the providers are reimbursed for Medicaid ground ambulance transports: therefore, any impact to jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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